

Improper Payments

JFMIP Conference

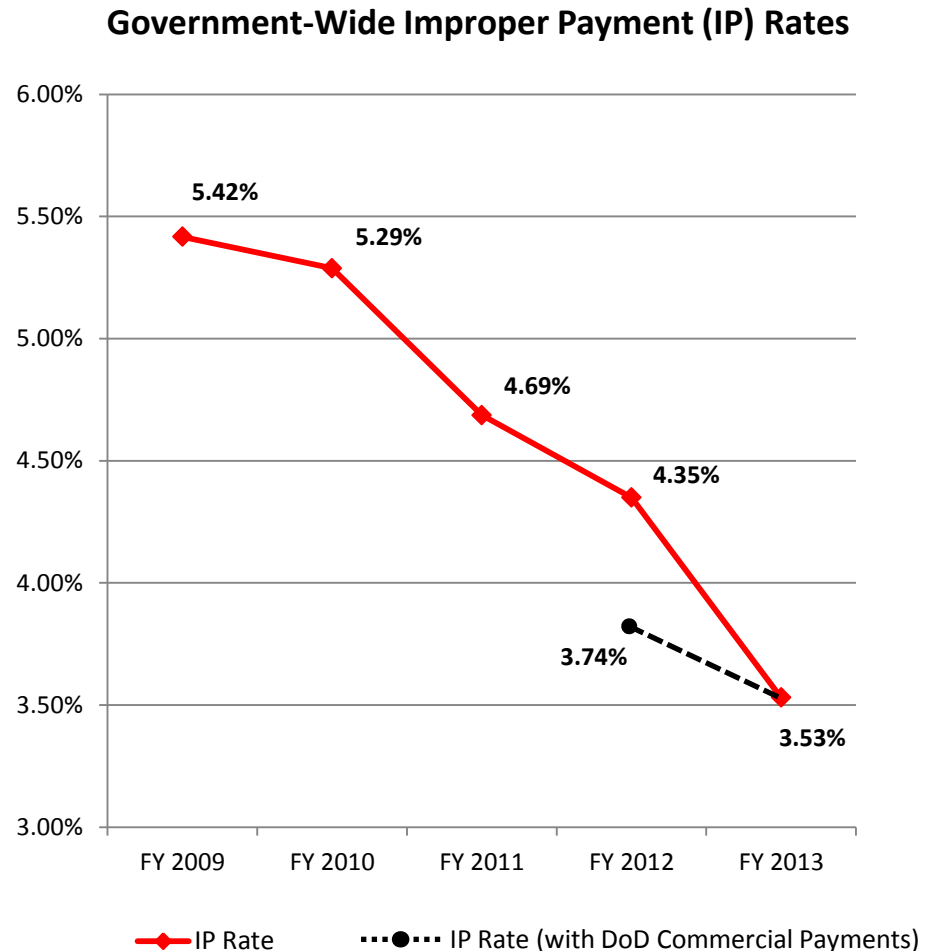
May 20, 2014



Office of Federal Financial Management
Office of Management and Budget

Progress on Improper Payments

- Reducing improper payments—payments made to the wrong entity, in the wrong amount, or for the wrong reason—is a priority of this Administration
- Working together with Congress, we have reduced improper payments by strengthening accountability and transparency through (1) annual reviews by IGs, (2) expanded requirements for high-priority programs, and (3) cutting-edge technology to prevent improper payments
- As a result of our efforts, the government-wide improper payment rate has declined from 5.42 percent (2009) to 3.53 percent (2013) when factoring in DoD commercial payments
- Agencies also recovered over \$22 billion in overpayments in 2013

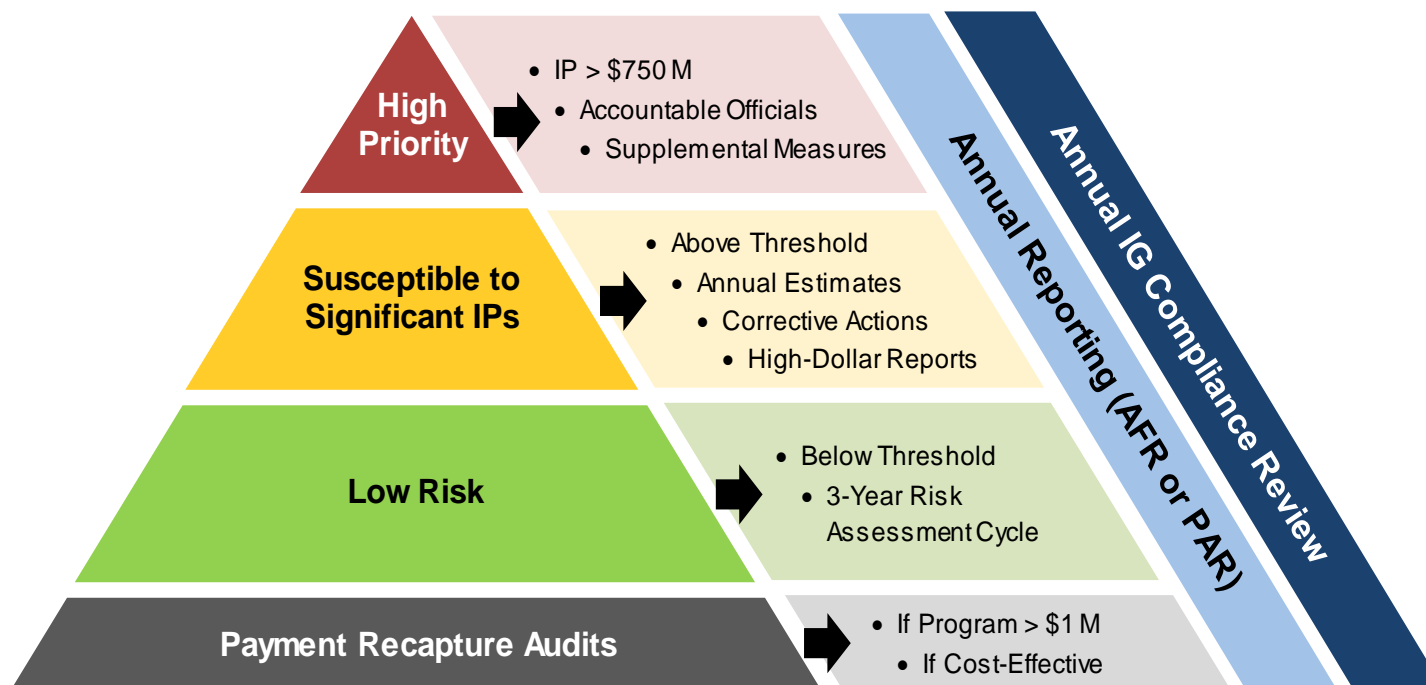


Improper Payments Guidance

- OMB is revising Circular A-123/Appendix C
- Draft was shared with agencies, OIGs, and GAO—we are still working through comments
- Our vision: transform improper payment compliance framework so that it creates a more unified, comprehensive, and less burdensome set of requirements for agencies and OIGs
- The revised guidance will:
 - Reconcile IPERIA requirements with similar EO 13520 requirements
 - Eliminate old one-time requirements
 - Consolidate and streamline reporting requirements for agencies and OIGs
 - Provide a more detailed categorization of improper payments and a more useful taxonomy of root causes

Snapshot of Revised Guidance

Appendix C – At a Glance



Corrective Actions

- We are conducting an analysis to identify program-specific corrective actions with the highest return-on-investment or potential for substantially reducing improper payments
- Questions we are interested in:
 - Which current corrective actions are the most effective in reducing improper payments in your programs?
 - Could you list one or two things that your programs are not already doing (but could realistically do) that would lead to a significant decrease in improper payments?
 - What, if any, are the barriers preventing your agency from taking these actions, and what would it take to overcome those barriers?
 - If you implemented these actions, by how much could the improper payment rate go down for your programs?
 - How has your agency advanced data analytics and improved technology to prevent and reduce improper payments ?

Do Not Pay Update

As of June 1, 2013 all federal payments, as appropriate, are being checked against Do Not Pay (DNP) – Death Master File

- Checking an average of 83 million payments and \$152 billion monthly
- All 24 CFO Act agencies are investigating their matches and submitting monthly adjudication reports

Program Overview

“Do Not Pay” is a centralized data-matching service run by the Treasury Department that allows Agencies to review multiple databases to determine a recipient’s award or payment eligibility.

Databases IPERIA currently requires to verify eligibility include:

- **Death Master File**
- **Excluded Parties List System**
- **Debt Check Database**
- **List of Excluded Individuals/Entities**
- **Central Contractor Registration**
- **Prisoner Update Processing System**

NEW

Significant Steps

- Submitted a database plan to Congress and established an initial DNP “Working System,” focusing on the Death Master File
- Issued Privacy guidance and coordinating agency efforts to set up “computer matching agreements” to check additional databases
- Preparing for our first annual Congressional Report on the status of DNP

OMB is working with agencies and Treasury to implement all the required databases